

STATEMENT OF CHAIRMAN JOHN MCCAIN
SENATE COMMITTEE ON INDIAN AFFAIRS
HEARING ON THE PRESIDENT'S PROPOSED BUDGET FOR FY2006
FEBRUARY 16, 2005

I recognize the need to balance the federal budget and agree that cuts in discretionary spending programs are warranted. As a fiscal conservative I expect to support a Budget Resolution that keeps discretionary spending down. That said, I object to many of the decreases in funding that are proposed in the President's FY 2006 Budget for Indian programs. The federal government has continually reneged on its trust and moral obligations to meet the educational, healthcare, and housing needs of Indians, and these needs far outweigh the imperceptible contribution that the proposed cuts will make to reducing the deficit.

Some of the proposed reductions that are particularly ill-advised are to those programs, such as BIA's Tribal Priority Allocation Program, and HUD's Native American Housing Block Grant program, that are managed and administered by the tribes themselves. A recently released study by the Harvard Project on Indian Economic Development examined ten years of socioeconomic change experienced by Indians living on Indian lands. It concluded that Indians' economic growth and improvements in social well-being far exceed progress being made by the overall population. The study attributes this progress to the policies of self-governance. Despite this improvement, however, the report notes that tremendous disparities continue to exist between our country's Indian populations (both gaming and non-gaming tribes), and all other people. These findings support the need for consistent federal funding for programs that help Indian tribes achieve self-determination and that allow local decision makers, not federal administrators, determine how best to address local needs.

While the proposed budget cuts many Indian programs, a notable exception to this is in the Office of the Special Trustee, within which the budget for historical accounting is slated to grow by \$77.8 million, or 40%, while all around it, programs such as those

funding education and substance abuse prevention, have been drastically cut or eliminated. It is lamentable that the funding for an accounting appears to have come directly from programs that affect the daily lives of Indians.

No doubt this request for funds to conduct the historical accounting is a result of the Cobell v. Norton litigation. By proposing only \$34.5 million for land consolidation, however, the Administration seems to have undervalued another means of addressing its trust administration problems. The BIA currently administers hundreds of thousands of Individual Indian Money accounts, many of which cost more to maintain than the value of the funds moving through them. Last year Congress amended the Indian Lands Consolidation Act to permit the Department of Interior to buy up highly fractioned land interests in order to reduce BIA's administrative burden and increase the size of tribal land holdings. Those amendments authorize \$95 million for land consolidation in FY2006 and \$145 million a year for several fiscal years thereafter. The primary reason for these funding authorizations was to eliminate the very conditions that have given rise to the Cobell litigation. It is regrettable that the President's Budget did not propose more funding for this effort.

I understand that the Administration's rationale for some of the program cuts is that they did not perform well in the Office of Management and Budget's Program Assessment Rating Tool, or PART, evaluations. I'd like to examine this. The accountability problems at the Bureau of Indian Affairs, however, are not helped by the sweeping prohibition on the Department's use of the Internet that remains in effect by court order in the Cobell case. The BIA has always been a troubled agency, but it is unreasonable to expect it to overcome this with one hand tied behind its back. While I appreciate the need to provide security for computerized Indian trust data, and support the efforts of both the Plaintiffs and the Department to improve IT security, I cannot help but wonder whether confining the Bureau, and much of the rest of the Department of Interior, to paper transactions in this electronic age is doing more harm than good to the Indian

people and the rest of the public that the Department is supposed to be serving.

Unfortunately, the Budget Committee has given us only until Friday to submit our Views and Estimates letter on the proposed budget. Senator Dorgan and I intend to circulate a draft letter to all offices by noon tomorrow. We ask that all comments on this draft be submitted by 5:00 pm tomorrow so that we can submit the letter, at least this first one, to the Budget Committee on Friday.

I look forward to hearing from the witnesses.